MANAGEMENT INFORMATION SERVICE

CONDUCTED BY THE
INTERNATIONAL CITY MANAGERS' ASSOCIATION
1313 East 60 Street, Chicago 37, Illinois

SURVEYING MUNICIPAL REVENUES

What are the revenues the city government has and how can they be more fully exploited? What new revenue sources can be considered? What can cities do to improve their financial position by revenue surveys and analyses?

General revenues of all municipal governments in the United States increased from \$7.3 billion in 1954 to \$9.9 billion in 1958 — an increase of 36 per cent during the five-year period. These figures are for general revenue only and by definition do not include city-owned utility revenues or employee retirement system and other insurance trust revenues.

This of course is an over-all figure, based in part on estimates reported by the Governments Division of the United States Bureau of the Census for all (17,183) cities in the United States. In many cities revenues have not increased by 36 per cent. More importnat, most cities would feel that expenditure requirements have increased by considerably more than 36 per cent and that revenue sources are no more productive, in relation to need, then they were five years ago.

Comparative data on general revenues for the post-war period are available for cities over 25,000 population and are summarized in Table 1. The percentages in Table 1 are much more significant then the dollar amounts because of inflation and the differences in the number of cities covered in 1946, 1950, and 1954 and 1958. The most dramatic percentage changes are (1) the relative decline of the property tax, and (2) the relative increase of sales and gross receipts taxes and of current charges, mostly refuse collection and sewer service charges.

Experiments with new sources of municipal revenue began in the depression years of the 1930's with the retail sales tax adopted by New York City in 1934 and a local income tax adopted by Philadelphia in 1938. During the 1940's and 1950's this trend continued as cities searched for nonproperty taxes to replace or supplement dwindling returns from property taxes. During the past two decades many states have taken action to permit cities to use new nonproperty taxes, including business licenses based on gross receipts, admission taxes, sales taxes, local income taxes, and other sources. The most active states in this field have been California, Illinois, New York, and Pennsylvania.

But the problem still persists. The principal reasons for the revenue difficulties of cities are the following:

1. Population increase in urban areas has outstripped the ability of cities to finance new services.

2. Population change in the other direction also has had an adverse effect. Preliminary returns from the 1960 census show that many medium-sized and larger cities are losing a substantial number of inhabitants. These cities face a dwindling return on per capita state aid.

3. Few states have given cities sufficient authority to levy the variety of nonproperty taxes needed to provide a diversified revenue base. In addition states are continually imposing new obligations on cities for local services without providing the means for financing the services. This is particularly true in legislation affecting duty hours and pay for policemen and firemen.

4. Public pressures are mounting for new and expanded municipal services. The most obvious and expensive example is urban renewal, but programs are being expanded extensively in such areas as recreation, street construction, and public housing. These costs are likely to become fixed in future budgets.

5. Finally, cities are faced with more intense competition than ever before to secure tax dollars. School districts especially have doubled, tripled, and quadrupled their expenditures over the past 10 years to provide new buildings, higher salaries for teaching and nonteaching personnel, and additional teachers.

It is the purpose of this report to provide guidelines for city officials in (1) taking an inventory of existing municipal revenues; (2) evaluating each major revenue source, whether currently used or not; (3) conducting a revenue survey; and (4) taking a look ahead at the policy implications of revenues for city governments.

Table 1

General Revenue of Cities Over 25,000 Population: 1958, 1954, 1950, 1946

Revenue Source[1]	1958[2]		1954[2]		1950[3]		1946[4]	
	Amount (in millions)	Per Cent to Total	Amount (in millions)	Per Cent to Total	Amount (in millions)	Per Cent to Total	Amount (in millions)	Per Cent to Total
Taxes, total.	$ 5,060	64	$ 3,943	66	$ 3,027	69	$ 2,064	71
Property	3,687	47	2,926	49	2,324	53	1,763	60
Sales and gross receipts.	838	11	602	10	415	9	147	5
Licenses and other	534	7	415	7	289	7	155	5
Intergovernmental revenue, total	1,530	19	1,138	19	908	21	546	19
State governments only. .	1,288	16	994	17	850	19	513	18
Charges and miscellaneous, total	1,290	16	887	15	481	11	311	11
Current charges	793	10	529	9	241	5	149	5
Special assessments . . .	138	2	96	2	65	1	31	1
Other and unallocable. . .	358	5	263	4	175	4	130	4
Total general revenue[5] . . .	$ 7,879	100	$ 5,968	100	$ 4,416	100	$ 2,921	100

Source: United States Bureau of the Census, *Compendium of City Government Finances*, 1958, 1954, 1950, and 1946 (Washington, D. C.: Government Printing Office).

[1]All city revenues except revenue of city-owned and operated utilities (limited to water, electricity, gas, and transit) and employee retirement and other insurance trust revenue. See pp. 120-28 of 1958 *Compendium* for definitions of all terms.

[2]Data for 481 cities as shown by final figures of 1950 Census of Population.

[3]Data for 474 cities as shown by preliminary figures of 1950 Census of Population.

[4]Data for 397 cities as shown by 1940 Census of Population.

[5]Because of rounding, detail may not add to total.

Inventory of Existing Revenues

It may seem obvious, but the first step in revenue analysis is a comprehensive inventory of *all* revenues that are available to the city. The major sources, as indicated by subsequent sections of this report, are property taxes, nonproperty taxes, charges and permits, special assessments, city-owned utility revenues, and grants and subsidies. The number of individual revenues that might be available to a city is extremely long.

The city manager of Colton, California, for example, recently compiled a list of 62 service charges that might be applicable for California cities, and his list excluded charges commonly associated with utility operations or revenue taxes and licenses.[1] To illustrate, the service charges under the heading of "Safety" included pound fees — boarding, destruction, vaccination; building construction — permit and inspection fees (including plumbing, electrical, ventilation, heating, etc.); weed cleaning charges; fire suppression charges — outside city; plan checking fees; tree and hedge abatement charges (for traffic safety); charges for copies of building codes; rezoning, variance, lot

[1]"Reducing the Cost of City Operations," *Western City Magazine*, March, 1960, p. 23.

split application fees, and appeal fees; taxi driver permit fees; review of proposed subdivisions, commercial developments; crime laboratory report fees; photograph fees; and charges for safety personnel entering locked buildings.

Revenue manuals compiled by Stockton, California, and Cincinnati, Ohio, show this over-all approach to an inventory of existing revenues. The Stockton manual is organized in eight major sections: Fines and Forfeitures; Grants, Subsidies, Contributions; Licenses; Permits and Fees; Sales of Services and Commodities; Taxes; Use of City Facilities; and Miscellaneous Nonrevenue Receipts. The 141-page manual shows more than 200 sources. The following listing illustrates some of the revenue sources classified under the eight major headings:

1. Fines and Forfeitures — criminal court bail, bail forfeiture and fines, traffic violations.

2. Grants, Subsidies, Contributions — return from state gasoline tax, return from state collected trailer coach license fees, trust funds, federal grants for water pollution control, railroad contributions.

3. Licenses — handbills, sound amplifying devices, motion pictures, sign advertising, shooting galleries, barber shops, bicycles, street musicians, and many, many others.

4. Permits and Fees — dog pound fees, civic auditorium rental fees, gold course and swimming pool charges, building permit fees, parking meter fees.

5. Sale of Services and Commodities — standby fire protection, sewer service charges, garbage collection and disposal charges, water service, city policemen used for crowd control.

6. Taxes — admissions tax, property taxes, sales and use tax, in lieu payments.

7. Use of City Facilities — rentals, leases, recreation facilities concessions, utility franchises.

8. Miscellaneous Nonrevenue Receipts — deposits and revocable permits.

Each revenue source for Stockton has an appropriate breakdown to provide relevant information for the department of finance and for other city departments and agencies. The following is reproduced to show the information provided for the automobile parking lots license.

AUTOMOBILE PARKING LOTS LICENSE

AUTHORITY:	City Ordinance No. 2133 — City Code Sec. 6-022
PAID TO:	Department of Finance
ISSUED BY:	Department of Finance
TERM:	Quarterly
BASIS FOR LICENSE:	Operation of a business of parking cars in a lot for a charge.
QUALIFICATION:	Rates above apply to parking lots in parking meter zone as established by Ordinance #1908, as amended. Rates for lots located outside of meter zone are one-half the fee schedule shown:

FEE:

	Rates per quarter
10,000 sq. ft. or less	$10.00
10,000 sq. ft. to 20,000 sq. ft.	15.00
20,000 sq. ft. to 30,000 sq. ft.	20.00
30,000 sq. ft. & over	20.00 plus 50¢ per 1,000 sq. ft.

COMMENT:	See City Code Sec. 6-022 for regulations and restrictions.
CROSS REFERENCE:	See also: "Parking Lots on Private Property During Athletic Events License," Page 45.

The Cincinnati revenue manual uses a similar breakdown: Taxes; Licenses; Permits and Fees;

Revenues from Use of Money and Property; Sales of Services and Commodities; Fines and Forfeitures; Grants, Subsidies, and Donations; and Nonrevenue receipts.

In addition to providing a starting point for revenue analysis, a manual is useful as a permanent tool in budget planning and review of general economic trends. It also is a reference for the many businessmen and other persons affected by the variety of licenses, permits, special charges, and fees. The preface to the Stockton manual makes these points:

> Changing economic conditions, industrial and commercial growth and the evolutionary process of modern living tend to reshape revenue sources creating hardships or granting unintended advantage unless some means is provided for a programed evaluation of municipal income. Sources of income unattended seem to decrease year by year, or fail to increase proportionately to growth, and the property tax bears the brunt of such neglect.
>
> It is for the purpose of retaining equity, affixing a balanced program of revenue related to growth, industrial and commercial development, and the changing conditions of the times that this manual has been developed. It is intended as a working reference manual which, as changes are made in sources of income must, of necessity, be changed.

Property Taxes

The local property tax has been scorned, ridiculed, and abused more than any other tax currently in general use. It has an ancient and, some say, dishonorable history. It is relatively much less important in the total revenue picture than it was 15 years ago. While property tax revenues have climbed their relative importance has dropped because of the adoption of other revenue sources.

It is easy to find fault with the property tax. Assessed valuations usually lag behind market values. They are poorly adapted for areas of rapid population growth. The property tax too often is poorly assessed, administered, and collected. In many states the property tax is limited by severe constitutional and statutory restrictions on the over-all tax rate. In some states the property tax is riddled with exemptions for homesteads, veterans, and other special-interest groups.

Perhaps the most important reason is that "... city councils ... have been caught in the vise of the citizen's ambivalent attitude toward the two related aspects of local finance, namely, spending and taxing. Citizens, on the one hand, have demanded higher standards and expanded public services. But many of these same citizens, on the other hand, have been most vocal in expressing their displeasure with the tax rate increases that must inevitably follow increased demand for services."[2] Despite these strong statements the property tax has a few defenders, and needs more of them. For the property tax is still the mainstay of local givernment revenue. It is vital for most municipalities and absolutely indispensable for most school districts, special districts, townships, and counties.

A good checklist for both real and personal property taxes is provided by an address delivered by Ronald B. Welch of the California State Board of Equalization.[3] Mr. Welch provided a checklist of 15 points to judge whether the local tax assessor's office is progressive. In summary form they are as follows:

1. Is it (the office) equipped with accurate assessment maps of convenient size and scale?

2. Is each land parcel identified by a parcel number that remains with the parcel as long as the boundaries are unchanged, and is permanently retired from use when boundaries do change?

3. Does the assessor's office have a record of the physical characteristics of all improvements of any consequence?

4. Are current, or at least fairly recent, building cost factors used with which to estimate the replacement costs of improvements?

5. Is depreciation allowed at fairly frequent intervals?

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[2] Gerhard N. Rostvold, "Toward a More Equitable Revenue System," in *California Local Finance* (Stanford, California: Stanford University Press, 1960), p. 161.

[3] Address presented at the County Finance Congress conducted by the National Association of County Officials in San Diego, California, February 15, 1960, and reproduced in *Assessors' News-Letter*, May, 1960, pp. 55-59.

6. Is recognition given to the fact that improved properties may be, and often are, worth less than their replacement costs less depreciation?

7. Are appraisal records kept in terms of full market value rather than in terms of assessed value?

8. Are taxpayers informed of the approximate relationship between assessed values and full market value?

9. Does the assessor keep records of real property sales prices?

10. Does the assessment jurisdiction accept the concept of a continuing appraisal cycle that results in the review of all appraisals over a relatively short span of years?

11. Is the taxpayer required to report costs of business personal property and fixtures?

12. Does the assessor have an audit program with which to enforce proper reporting of costs of business personal property and fixtures?

13. Is punch card equipment used to write the roll, compute and extend the taxes, write the tax bills, account for tax collections, and identify delinquencies?

14. Are taxes payable in easy installments?

15. Does the public understand the property taxing process?

Admittedly improvement of the property tax along these lines involves expense, hard work, and some formidable obstacles. But the alternatives are likely to be worse. Other taxes also have serious drawbacks and can evoke intense opposition. More important, if local governments get too far away from the property tax it is quite likely that more financial controls and governmental functions will be assumed by state and federal governments. Local governments must maintain property taxes if they wish to retain their identity, governmental powers, and a reasonable degree of autonomy.

Nonproperty Taxes

The growth of municipal nonproperty taxes has been one of the major developments, perhaps *the* major development, in municipal finance since the end of World War II. The greatest interest has been shown in the two most lucrative sources — the sales tax and the income tax. Many cities also have adopted taxes for admissions, cigarettes, gasoline, motor vehicle licenses, and the other nonproperty taxes discussed below.

Nonproperty taxes have been particularly popular where they hold the appeal of lowering property tax rates or at least holding property tax rates level. The appeal of these nonproperty taxes often is of a negative kind — that is, they are less onerous than property tax increases.

1. Most nonproperty taxes are consumption taxes that are paid frequently in scarcely noticeable amounts.

2. Some are business taxes that are absorbed in part by businesses and where the public pays indirectly.

3. The municipal income tax usually is paid through payroll withholding. Although the amount may be rather substantial, the payroll deductions ease the burden of paying the tax.

Offsetting these advantages, many nonproperty taxes tend to be regressive — that is, the low-income person pays a higher propertion of his total income than does the high-income person. This is especially true of the sales and income taxes. (It should be added that the property tax too has many features of regression.) Another difficulty is that many states have been reluctant to grant taxing authority to cities to levy many of these nonproperty taxes. This is especially true of sales and income taxes. Finally, some of these taxes do not lend themselves to easy and simple administration except in large cities.

But the principal point is that nonproperty taxes represent an important way of shifting the incidence of municipal taxes from real and personal property to other bases. Table 1 shows how

the proportion of property taxes to total general revenues has declined. In 1946 property taxes represented 60 per cent of all general revenue collected by cities over 25,000 population in the United States. In 1958 this ratio had dropped to 47 per cent. This does not mean that the dollars of revenue have declined because property taxes have gone up substantially in that period of time. But the ratio has declined as cities turn to other sources.

For productivity, sales and income taxes are in a class by themselves. Their yield on a per capita basis is substantially higher than that of any other nonproperty tax. The next group of high productivity taxes, on a per capita yield basis, comprises the gasoline tax and the business gross receipts tax. All other nonproperty taxes, including business licenses based on flat rate or any other measure except gross receipts, are far below in per capita yield.

In the following discussion of specific nonproperty taxes, the data on income and sales taxes are almost current — income taxes as of February, 1960, and sales taxes as of December, 1959. Data for all other nonproperty taxes are taken from *Municipal Nonproperty Taxes — 1956 Supplement to Where Cities Get Their Money*, published in 1956 by the Municipal Finance Officers Association. These data, however, are largely valid because very few state authorizations and local adoptions have taken place since publication of that report.

Income Taxes

In 1945 Philadelphia was the only city in the United States with a municipal income tax. As of December, 1959, the impressive total of 677 local governments were imposing their own income taxes. This statistic is misleading, however, because almost 90 per cent of these governments are in Pennsylvania. The states and number of local governments are as follows: Alabama, one city (Gadsden); Kentucky, eight cities; Ohio, 50 cities; Missouri, one city (St. Louis, which is the only city authorized to impose this tax); and Pennsylvania, 617 cities, boroughs, townships, and school districts, of which 35 are cities, boroughs, and townships over 10,000 population.

The municipal income tax has one big advantage — it is the most productive of any of the nonproperty taxes. It has one special drawback — it evokes more intense and emotional opposition from union representatives and other spokesmen for low-income groups than any other tax imposed by municipalities.

The tax has other serious drawbacks including costs of compliance for business firms that must withhold taxes from employees living in several jurisdictions. It is a tax that requires a relatively large enforcement staff particularly to check on net income of businesses, earnings of self-employed persons, and residence of those employed in the city but living outside. Because of difficulties in administration, the tax is generally considered more suitable for large cities than for smaller places.

In metropolitan areas the income tax may result in double taxation for those taxpayers who live in one city and earn their income in another. By Pennsylvania law priority is given to the community of residence to prevent double taxation of the same income, except for Philadelphia where the location of employment has priority.

In summation, the municipal income tax has serious shortcomings. It is not related to ability to pay because it is a proportional tax. It is regressive in effect because it does not provide basic exemptions for dependents. It does not tax unearned income such as income from dividends and other types of income derived from intangible personal property.

Offsetting this is the productiveness of the income tax and the fact that it is the best way for a city to tax nonresidents. This has particular appeal in metropolitan areas where an effort is made to force nonresidents to pay for certain central-city services, such as expressways, museums, libraries, and other facilities.[4]

Sales Taxes

The retail sales tax has risen from a handful of cities in 1945 to 1,638 cities in February, 1960.

[4] For an extended discussion of the municipal income tax, including advantages and disadvantages, see Robert A. Sigafoos, *The Municipal Income Tax: Its History and Problems* (Chicago: Public Administration Service, 1955.)

This includes 1,107 municipalities in Illinois and 328 municipalities in California. Other states where the tax is used by cities include Alaska, Alabama, Arizona, Colorado, Louisiana, Mississippi, New Mexico, New York, Utah, Virginia, and West Virginia. In all of these states there is also a state sales tax of 2 or 3 per cent except for New York and Virginia. In the great majority of cities the tax is one-half of 1 per cent or 1 per cent. In California it is 1 per cent and in Illinois one-half of 1 per cent.

Like the income tax, the sales tax is a very productive revenue. It works especially well in those states, as in Illinois and California, where it is locally imposed and state administered. The tax has been relatively easy to administer, and collection costs have not been high.

The principal disadvantage of the sales tax, as with other consumption taxes, has been its regressivity — that is it takes a higher percentage of income from persons of low income than from those with higher incomes. This regression often is modified by the exemption of food sales. The objection also is raised that the sales tax may drive consumers to make their purchases outside the city. These and other objections, however, have not been too serious, and the sales tax seems to have a bright future if other states will permit local jurisdictions to adopt it. It certainly is not as controversial a local tax as the income tax.

Admissions Taxes

The admissions tax is used most frequently by cities in Ohio, Pennaylvania, and Washington, and to a lesser extent in Illinois, New York, Tennessee, and Virginia. Several hundred cities use the tax, many of them of small population.

The tax has several advantages. It is easy to levy and collect. It does not impose a great burden because the amount is small and it falls on a service that is a semiluxury. In addition it is one of the few taxes that directly reaches nonresidents who otherwise do not contribute to the city government revenues. The larger the city the more this is true.

The admissions tax has no serious disadvantages, but it is not a productive revenue measure. The 1956 supplement to *Municipal Nonproperty Taxes* showed that the admissions tax had the lowest per capita yield of any of the nonproperty taxes except the minor items of poll or per capita taxes and hotel occupancy taxes.

Some cities in recent years have drastically reduced or abandoned admissions taxes. The advent of television has closed many motion picture theaters, and smaller cities have almost no revenue base left for the tax. Also some cities have followed the practice of the federal government in eliminating the tax entirely on admissions under $1 to try to provide some relief for hard-pressed theater operators. The tax is still productive in larger cities where they can draw on a variety of events including intercollegiate football, professional baseball and basketball, stage plays, and other events where the admission may be as high as $4 or $5 per ticket. For most of the smaller cities, however, the tax has lost its usefulness.

Cigarette and Liquor Taxes

The cigarette tax is widely used by cities in Alabama, Colorado, Illinois, Missouri, and Florida. In Florida it is used by every city in the state where the tax is locally imposed and state administered and collected. The proceeds in Florida are returned to each municipality on the basis of collections within that municipality. The tax is used to a lesser extent in Maryland, New Jersey, New Mexico, New York, Tennessee, and Virginia.

The tax is fairly good revenue producer. Its principal drawback is in administration. The tax is easy to avoid unless, as in Florida, an even rate prevails throughout the state.

In 1956 at least 37 cities over 10,000 population were taxing liquor, beer, and other alcoholic beverages. They were most frequently imposed by cities in Alabama and Tennessee. In addition to direct sales taxes on alcoholic beverages, many cities tax through business licenses, both flat rate and gross receipts. In a few states, especially Minnesota, cities operate municipal liquor stores with the profits from this utility-type enterprise going to the city government. In still other states cities share in state liquor tax collections.

The yield from municipal alcoholic beverage taxes is relatively high compared with other non-

property taxes, but the tax is not widespread. First, many cities tax in other ways, especially through business licenses on establishments dispensing liquor and beer. Second, the state and federal governments pre-empted the alcoholic beverage tax field many years ago, and the state and federal tax rates are high enough to discourage a direct municipal tax.

Gasoline Taxes

At least 276 cities were using the gasoline tax in 1955. It is used by cities in only five states — extensively in Alabama, Missouri, and New Mexico, and by a few cities in Florida and Wyoming. On the basis of limited experience the yield from this tax has been "... relatively high when the tax has been imposed by (1) isolated communities; (2) those located on major highways; or (3) the corporate limits of the city have been extensive."[5]

The major drawback is obvious. The federal gasoline tax is now at 4 cents per gallon and may go higher to finance the extensive federal-aid highway program for interstate highways. When added to state taxes of 4, 5, or more cents per gallon, there is little room left for municipalities to impose their own gasoline tax. In most states cities can participate better through grants in aid for street and highway purposes or through state collected, locally shared taxes.

Motor Vehicle Taxes

At least 372 cities in 10 states were using a motor vehicle license tax in 1955. The three major bases of taxation are flat rate per vehicle, rate based on horsepower, and rate based on weight. Assuming a good state system of registration and identification of vehicle location, it is an easy tax to administer. The revenue is stable, and the yield is relatively high. Its only drawback is that it is another tax added to the other taxes already imposed by the state and federal governments on automobile ownership and usage.

Business License Taxes

Business licenses are an excellent revenue source when based on gross reveipts, and the per capita yield is high. The entire subject of business license taxes, both for regulation and for revenue, is dealt with in MIS Report No. 193, *Revising and Administering a Business License Code*, issued in February, 1960.

Public Utility Gross Receipts Taxes

These taxes were being used by cities in 35 of the 48 states in 1956. It is the most widely used nonproperty tax. Administration and enforcement are easy, but the per capita yield is low. This statement should be qualified, however, because the yield is significantly higher (as in Virginia, New York, and Florida) where (1) the tax is imposed directly on the consumer, and (2) the rate of taxation is 5 per cent or more.

Other Nonproperty Taxes

The other nonproperty taxes dealt with in *Municipal Nonproperty Taxes* are deed transfer taxes, hotel occupancy taxes, and poll or per capita taxes. Few cities levy these taxes, and the revenues are small both in amount and on a per capita basis.

The deed transfer tax is used for transfer of title to real property by municipalities in Maryland, Pennsylvania, and Washington. The most frequent rate is 1 per cent of the market value of the property. It is an easy tax to administer and collect. Its major drawback is that, in effect, it is paid by the same persons who pay property taxes — that is, those property owners who buy or sell real estate. It of course does not apply to property owners who do not transfer ownership.

The hotel occupancy tax is used by few cities, mostly in the state of New York. Administration is easy, and the tax is one of the few that reaches nonresidents. The per capita yield is low except in resort municipalities.

Poll or per capita taxes qualify more as nuisance measures than revenue producers. Only in Pennsylvania is the revenue substantial where the most common rate is $5 per person. Together with hotel occupancy taxes the per capita yield is the lowest of any of the nonproperty taxes.

[5] *Municipal Nonproperty Taxes — 1956 Supplement to Where Cities Get Their Money* (Chicago: Municipal Finance Officers Association, 1956), p. 23.

Charges and Permits

Service Charges

These are generally levied for the rendering of specified municipal services that directly benefit the person charged. For some municipal services the line is not clear between service charges and rates for city-owned utility services. For purposes of this report sewage service and refuse collection charges are considered as service charges. Many, however, would classify these as city-owned utilities. In any case service charges are nontax revenues not otherwise classified as special assessments, city-owned utility revenues, and grants and subsidies. The most common municipal service charges apply to use of municipal hospitals, sewer service charges, refuse collection charges, municipal airport charges, and charges for swimming pools, golf courses, and other park and recreation facilities. By far the most productive charges are those for sewer service and refuse collection.

Table 1 shows that cities are relying a great deal more on service charges. The revenue classification of "Current Charges" has increased from 5 per cent of all general revenue in 1946 to 10 per cent in 1958. Service charges can best be summarized by quoting from the report, *Use of Service Charges in Local Government:*

> Service charges as a source of revenue meet reasonably well the major tests of administrative feasibility, equity, relative burden, and revenue adequacy.
>
> Service charges collected directly from the user present new administrative problems. Greater difficulties are encountered in the administration of charges that require a billing system or other collection machinery.
>
> In general the determination of charges is guided by considerations of the individual benefits received from the service, tempered by welfare considerations of need and ability to pay. In practice, it is often difficult to achieve an equitable distribution of charges.
>
> From the point of view of revenue adequacy, charges have performed rather satisfactorily in the recent past. They have also met the criteria of certainty and convenience of collection, and collection costs seem to have been reasonable.[6]

Permits

Permits, fees, and licenses cover a wide range of municipal activities, such as advertising sign permits, taxicab permits, building demolition permits, elevator inspection fees, dog pound fees, subdivision plot fees, and many others. Permits, fees, and licenses cannot always be distinguished from service charges, but they are *more likely* to be levied for regulation than to provide a service. Most of the licenses are business licenses levied on bases other than gross receipts. These bases include flat rate, number of employees, square feet of floor space, and other measures.

The most important consideration for permits, fees, and licenses is that they should, where possible, meet the cost of city regulation. This must be evaluated in relation to public benefit; special benefit to private parties; the cost of the license, fee, or permit; and the relative ease or difficulty of administration and enforcement. A revenue study made for Richmond, Virginia, points out:

> Fees and service charges are not efficient means of raising revenue. Taxes or licenses can be collected by a comparatively small trained force in the finance department for a relatively low collection cost. An extension of service charges would mean collections by numerous units of government involving additional records and reports to account for funds received.[7]

With respect to revenues as compared to collection costs the Richmond report goes on to say:

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[6] Gerald J. Boyle, *Use of Service Charges in Local Government* (New York: National Industrial Conference Board, Inc., 1960), p. 51. This report contains good information on characteristics and current use of service charges, economic considerations, and relationships to revenues, expenditures, and long-term debt. It is priced at $2 per copy for Conference Board members, governmental agencies, and educational institutions.

[7] *A Report to the City Council on Fees and Service Charges* (Richmond, Virginia: City of Richmond, 1957), p. 3.

"Many of the service charges were produced on the very small amounts of income for the City. While collectively they make an impressive total, the small size of individual payments makes for a high cost of collection."[8]

Special Assessments

At least 469 cities over 10,000 population are known to have issued special assessment bonds since the end of World War II.[9]

The *1959 Municipal Year Book* shows that 461 cities over 10,000 population reported on the amount of their latest special assessment bond issues which ranged from a low of $1,000 to a high of $14,850,000. About one-half of the cities issued bonds in the amount of $100,000 or less. The improvement most frequently financed was new street paving (273 cities) followed in order of frequency by sanitary sewers, curb and gutter improvements, sidewalks, storm sewers, water lines, repaving streets and alleys, street lighting, and off-street parking.

Strictly speaking special assessments are not municipal revenues because the city is merely acting as a fiscal agent in the provision of public improvements of benefit to property owners in a specified area. This is especially true where the property owners come up with the cash and special assessment bonds are not needed. In effect, however, special assessment financing reduces the need for revenue from other sources. Therefore special assessments should be considered in any comprehensive review of municipal revenues.

The above generalization is subject to one modification. Where special assessment bonds are backed by the full faith and credit of the city government, the city is taking responsibilities much greater than that of a fiscal agent. The *1959 Year Book* indicates that more than one-half of the cities guarantee special assessment bonds by the full faith and credit of the city government.

Special assessments are especially good for financing street construction and reconstruction and related improvements, including curbs, gutters, sidewalks, street lighting, water lines, sanitary sewers, and street lighting. These improvements provide direct benefits to property, and the bendfits can be ascertained without too much difficulty.[10] Special assessments also can reach properties exempt from general property taxes and, in some states, provide a way for avoiding constitutional or statutory tax and debt limits.

Special assessments of course have their drawbacks, the principal one being the danger of default. A second drawback is the high cost of special assessment borrowing, especially when the bonds are not backed by the full faith and credit of the city government. Third, special assessments are difficult to administer and account for. Numerous and voluminous records are required, and individual records must be set up for many properties involving small amounts of money.

Special assessments have increased in popularity since World War II as a means of financing street and related improvements in older, built-up sections of cities. But at no time has the level of special assessments come anywhere close to the enormous dollar amount committed during the 1920's. One reason has been the sorry history of special assessment financing during the 1920's and 1930's when many issues went into default. A second reason has been the adoption of strong subdivision regulations by hundreds of cities in all parts of the United States which eliminates the necessity for special-assessment financing for improvements in newly developed residential areas.

In balance, special assessments are cumbersome, expensive, and sometimes inequitable. But they do provide a convenient financing method where a relatively small number of properties is involved and where the benefit is reasonably direct and measurable. It should be concluded therefore that special assessments do have a part in the revenue picture for most cities. The important thing is to understand their limitations and to use them wisely.

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[8] *Ibid.*, pp. 3-4.

[9] *The Municipal Year Book, 1959* (Chicago: International City Managers' Association, 1959), p. 213.

[10] Special assessments seldom are recommended for financing storm sewers. Benefit is extremely difficult to measure, and inevitably the results are highly controversial.

City-Owned Utility Revenues

Students of municipal finance and accounting recommend that government utilities be operated as self-supporting enterprises and that their accounts and records should be kept separate from other operations of the city government. Cities have almost universally followed this recommendation, especially those enterprises classified as utilities by the Governments Division of the Bureau of the Census — water, electricity, gas, and public transit. It is not as clear on borderline utilities such as municipal auditoriums, municipal incinerators, port and harbor facilities, sewage treatment plants, and airports. No matter how accounted for and financed, two points of view prevail on revenues of city-owned utilities:

1. The utility should be a self-supporting enterprise. Its gross revenues should equal its gross expenditures plus debt service requirements plus reserves for depreciation. Its revenues should not be significantly higher than that level. This is the view held by public utility administrators, finance officers, accountants, attorneys, and most city officials. The one exception is public transit which is in such poor shape generally that some form of public subsidy is almost mandatory if the systems are to be kept operating.

2. A few cities are fortunate enough to have utilities that make handsome profits, especially municipal electric plants. In some of these cities municipal officials see nothing wrong in transferring a sizeable surplus of utility earnings every year to the general fund for regular operations of the city government. These are the cities that may also enjoy a low property tax rate and a high level of municipal services.

Grants and Subsidies

This is the only revenue source discussed in this report that is not derived from the city itself. It consists of cash grants-in-aid and subsidies, in cash or in kind. Table 1 shows that this revenue source, classified by the Bureau of the Census as "Intergovernmental Revenue," comprises almost 20 per cent of general revenues for cities. The bulk of this amount comes from states.

The ratio of intergovernmental revenue to total general revenue has not changed significantly since the end of World War II (see Table 1). The amount of intergovernmental revenue of course has increased substantially as has total general revenue. The principal tendency has been for more federal aids to be made available directly to cities. The largest federal grants have been for airports, public housing, and urban renewal. Many other federal grants are available for cities by being channeled through the states, including advance planning for public works, urban planning grants, civil defense, hospital construction, public health programs, water pollution control, including sewage treatment plants, and air pollution control. This is a trend that is likely to continue and expand.

Of course the comfortable over-all proportion of intergovernmental revenue for cities does not tell the whole story. In some states the proportion of municipal general revenue so derived is very small because the state government has made very few grants and subsidies for cities. Many cities do not benefit greatly from federal aids, whether direct or indirect, because they do not participate in the pertinent programs such as airports, public housing, and urban renewal. The maze of federal programs and related grants is so complex that some cities undoubtedly miss out on federal grants simply because they do not know about them. It should be noted that the American Municipal Association and the state leagues of municipalities have worked hard to keep city officials informed on all federal grant programs.

Short of pressure for legislative action the best cities can do is to be sure to keep track of all available grants and subsidies from any other government so that it can take advantage of those that it wants to use.

The Revenue Survey

Preceding sections of this report provided a brief resume of the principal tax and nontax sources of revenue available for municipalities. In some cities it may be enough to review the

legality and practicality of the major revenue sources and then select one or more for adoption or expansion. For a substantial majority of cities, however, it is not that simple. The question must be explored in greater detail, sources weighed and evaluated, and recommendations developed for the city council. At this point some type of revenue survey is needed.

A review of municipal revenue surveys that have been made in recent years indicated four general types of studies: over-all studies, planning studies, studies of fees and charges, and special-purpose studies.

Over-all Revenue Studies

Studies of this kind include most or all of the major revenue sources, and often many of the minor sources, for a governmental jurisdiction. Many such studies have been made in the past 30 to 40 years, especially for state and municipal governments. Often they give consideration to general economic factors such as tax incidence, regression, ability to pay, utility financing, and other concepts of public finance. Studies made in one county and four cities in recent years will illustrate the scope and variety of the over-all survey.

Montgomery County, Maryland. In January, 1960, the Financial Advisory Committee for the Montgomery County Council submitted its report which included the charge to "study possible methods of providing additional revenue for Montgomery County." The major revenue sources reviewed by the Committee included the sales tax, income tax, a new capital improvements tax, an energy tax, motor vehicle licenses, and personal property taxes, including manufacturer's machinery and inventory. Research and consultation for the Committee was provided by the county manager, the county director of finance, and professors and research staff from the Bureau of Governmental Research at the University of Maryland.

The major recommendations of the Committee were the following:

1. The state should provide additional income for Maryland counties through greater sharing of proceeds from the state sales tax and the state income tax.

2. Three new county tax sources should be considered: a capital improvements tax, an "energy" tax, and a motor vehicle license tax of $5 per vehicle.

3. The county should offer 100 per cent exemption of manufacturing machinery and inventory to place the county on a competitive basis with neighboring counties in the attraction of industry.

The proposed capital improvements tax is intended to help in financing new improvements, especially schools, needed because of residential and commercial development. The county attorney advised that this tax probably would be considered a property tax and would therefore have to be related to value to meet state constitutional requirements. The Committee proposed that the tax be set at the rate of $20 per $1,000 value or cost for all residential construction and at $10 per $1,000 for all other construction. In addition the Committee proposed increasing the property recordation tax so that the total revenue would provide about 25 per cent of anticipated requirements for capital expenditures.

The "energy" tax would be applied to all producers or distributors of electricity, gas (natural, manufactured, or bottled), coal, and oil in the county. The tax would be applied only at the point of final distribution to the consumer and would be based on energy as mentioned by BTU's.

Atlanta, Georgia. The report, *Financing Public Services and Improvements in Atlanta*, was issued in 1957 "to survey and appraise the finances and financial needs of the city of Atlanta, involving both the current and capital expenditures, and to indicate the appropriate measures to meet them." Research work and preparation of the 248-page report was done a professor and associate professor of public finance from the University of Pennsylvania. The comprehensive volume covers municipal expenditure analysis, expenditures in Atlanta and other metropolitan areas, revenue sources in Atlanta and other large cities, intergovernmental revenues, city and school indebtedness, state aid, revenues in relation to the property tax, possible new taxes, and financial administration.

The conclusions to the report include many suggestions for improving Atlanta's revenue including not only local revenue sources but also state aid, intergovernmental cooperation in development of revenues, revisions of the property tax, and revised budgeting and financial planning.

With respect to local sources, the report suggested that greater reliance can be placed on nonproperty taxes. Those suggested were municipal motor vehicle and gasoline taxes, municipal cigarette tax, city admissions tax, retail sales tax, business receipts tax, and a municipal payroll-income tax.

Santa Cruz, California.[11] In the spring of 1959 the mayor appointed a special revenue committee composed of housewives and former mayors to study city revenues and make suggestions for raising additional funds. The local newspapers promptly dubbed it the "Pink Lace and Blue Ribbon Committee." The committee reviewed all revenue sources for the city and came to agreement on three general principles.

1. All city-owned utilities should be on a self-sustaining basis.

2. Special municipal services should be paid for by those who benefit.

3. Other revenues should be in line with surrounding cities.

On the basis of committee recommendations, the city council raised the basic sewer service charge from 85 cents to $1.25 to provide a self-sustaining operation. The council also raised dog licenses and business licenses to keep them at a level with surrounding communities. Little opposition was encountered to these increases.

> Even more surprising than the lack of protests over the increase in business licenses and other rates was the general acceptance of the recommendations of the "Pink Lace and Blue Ribbon Committee" by the people. While there were some complaints, the general reaction was very favorable.
>
> Following adoption of these new revenues, the council turned to set the tax rate for the year. Fortunately, the fiscal picture was very good, with a substantial increase in sales tax revenue and property assessments. The result was that the council was able to lower the general fund tax 9 cents. This added to the popularity of the program and has brought about many changes in city financing.

Gainesville, Georgia. In 1958 this city faced a financial crisis of formidable proportions. The city had an overdraft debt of $450,000, almost entirely for administration, police, fire, garbage collection, streets, and other general government operations. The situation resulted from lack of budgeting and accounting controls and inadequate revenues. As a consequence the city commission instructed the city manager to find ways of putting the city on a balanced budget and paying off the overdraft debt. The result was a report, entitled *Improving Gainesville's Financial Structure*, submitted in December, 1958. The study was undertaken and the report prepared by City Manager George A. Whiten and Planning Director A. A. Mendonsa. The following recommendations were made:

1. The city should pay off its overdraft debt, mostly warrants and unpaid bills and claims, by annual payments from current funds. This recommendation was adopted.

2. The city should develop an operating budget program. This recommendation was adopted, including a budget procedure ordinance which prohibits expenditures in excess of income.

3. The city should adopt a capital budget. The city is now working toward this objective.

4. The city should adopt systematic and comprehensive financial reporting. This recommendation was adopted.

5. The city should adopt new sources of revenues.

With respect to point 5 the following recommendations were made and actions taken:

1. Make consumer charges for certain services. A garbage collection charge was adopted which will yield $78,000 per year. Residences pay $1 per month for two pickups per week, and businesses pay $3 to $80 per month for six pickups a week. A sewer service charge was recommended, but no action was taken.

2. Raise property assessments up to average ratio. By January 1, 1961, a complete

[11] Information for Santa Cruz was provided in a letter from William W. Buckley, administrative assistant to the city manager, Santa Cruz.

reappraisal of all real property and all personal property for commercial establishments will be completed. The appraisal will be based on current values.

3. Assign all street construction costs to property owners affected. Costs for new drainage facilities have been so assigned. It was discovered that the city charter provides for a tax levy to be made for paving streets. The city is now making an annual tax levy to pay for street construction costs on property where the city is required to pay under the city charter.

4. Levy a gross receipts business tax. This recommendation was not adopted, but a general 15 per cent increase has been made in the current flat-rate business license schedule.

5. Improve surplus from the water department. The annual water department surplus provides a substantial portion of the revenues for general government purposes. A water line extention policy which was followed by custom has now been adopted by ordinance.

6. Establish a trust fund for waterline deposits. Formerly these monies had been used for current operations and thus represented an accrued liability to the city. An ordinance has been adopted which provides for a trust fund for all future deposits so that a reserve will be available for repayment.

7. Assign street resurfacing costs and drainage pipe installation costs to property owners benefiting. Street resurfacing costs due to damage from installation of curb and gutter is now the responsibility of the property owners benefited. No change has been made on installation of drainage pipes. The city pays for installation while property owners furnish the pipe and materials.

As a result of the revenue survey and subsequent changes, the city is now operating on a balanced budget with financial planning, reporting, and control. The city has a systematic program for discharging its substantial operating deficit and is well on the way toward a sound financial condition.

The Gainesville situation illustrates, more dramatically than most, the importance of considering revenues in relation to expenditures, debt, and financial administration.

Kansas City, Missouri. In April, 1955, the mayor appointed the Citizens' Commission on Municipal Revenue which was charged "with analyzing city taxes and fees, and determining the adequacy of the city's revenue structure." It was charged also "with recommending changes in the structure wherever necessary." The Commission issued its report in January, 1956. The report was organized on the basis of projects assigned to subcommittees for general property taxation, business and other license taxes, miscellaneous revenue, and payroll earnings tax. The work of the Commission brought forth a two-volume *Report of the Mayor's Municipal Revenue Commission of Kansas City, Missouri*. Volume one dealt with all major revenue sources and included a large amount of statistical material, maps, and charts. Volume two is devoted entirely to a municipal income tax with detailed reports on the income taxes used in St. Louis, Dayton, Toledo, and Philadelphia.

A number of recommendations were made to the city council including property reassessment, changes in business license taxes, changes in gasoline and cigarette taxes, efforts to secure greater financial aid from state and county governments for support of hospitals, and adoption of an income tax not to exceed 1 per cent. The major recommendation of the Commission, the income tax, has not been adopted.

Planning Studies

Studies of this kind are not, strictly speaking, revenue surveys. But they do provide an excellent foundation for more specific revenue studies in relation to land use, community economic base, and probable growth and development. As such they are extremely valuable for cities that are lacking in comprehensive planning data.

These studies give attention to general or specific land uses, the tax base in relation to the economy, city government costs and revenues, population projections, and capital improvement needs as they effect the long-term tax base. Amplification will be provided through a review of planning studies recently concluded in three cities.

La Mesa, California. The staff of the Public Affairs Research Institute at San Diego State College made the survey and prepared the report, *La Mesa: A Study of Its Future*, to provide an analysis of the future financial picture for the city both for operating and capital costs.

The study provides basic findings on population trends, governmental expenditures, revenue sources, and competing land uses. Its goal was "to determine (1) whether the present land use pattern, primarily residential, would provide an adequate tax base, and (2), if needed, to make suggestions with regard to improvement of the tax base by other land uses compatible with the present pattern."

In studies of this kind assumptions have to be made to provide a basis and framework for research, findings, and recommendations. Unless assumptions are made to provide, so to speak, a frame of reference, it becomes an extremely difficult job to conduct a study of this kind, and, in addition, the findings and recommendations have less validity. A basic assumption was that the community wants to remain as a predominantly residential area of single-family homes. Other major assumptions were the following:

1. Current land use will continue during the 15-year period of the study.

2. The value of the dollar, stabilized at a 1959 level, will not change.

3. Municipal services will remain at a constant level — that is, new city government services would not be provided.

4. The capital improvement program developed by city departments and presented to the city council will be undertaken in substantially that form.

5. The city will annex certain areas within the boundaries of the natural community of La Mesa.

The general conclusions were that the city could get along quite comfortably with an economic base that is primarily residential but that further improvement in the tax base would result from that kind of commercial and professional development that is compatible with a residential community. Recommendations for improving an already well-developed tax base were the following:

1. Orderly annexations to provide for population growth.

2. Continued reliance on fees and charges for certain governmental services and consideration of a new sewer service charge.

3. Encouragement of high-value, low-density development of apartments.

4. Encouragement of commercial and professional development for increasing municipal revenues.

5. Industrial development, according to the survey group, has only limited value for La Mesa. The property tax yields are lower for industrial land than for commercial, professional, and residential uses. Since the city does not need industrial development to provide employment, it was suggested that La Mesa seek only the "most appropriate" industries, such as electronics or distributing.

El Cajon, California. In 1959 the city of El Cajon contracted with the Stanford Research Institute to study the city's economic base and other social, economic, and physical attributes and to project growth and financial development to 1975 as a guide for future planning. The project staff prepared a report which was issued in December, 1959, and entitled *El Cajon: A Forecast of Its Economy, Community Services, and Capital Improvement Requirements, 1960-1975.*

Major sections of the report deal with land development; population characteristics; the economic base, including industrial and commercial activity; population forecast; economic and commercial development; city government revenue and expenditure analyses; and probable future requirements for municipal services and facilities.

The report includes extensive statistical analyses. Their scope is illustrated by the following illustrative examples: residential building permits issued, 1950-1959; employment of residents by major industrial group, 1950 and 1959; taxable retail sales by type of business, 1958-1959; land use

and population data, 1959; principle sources of city government revenues, 1939-1940 through 1958-1959; assessed valuation trends for selected years; locally assessed valuation by major land use, 1959-1960; major city expenditures for selected years; location of park areas and recreational facilities; estimates of future revenues, assessed valuations, retail sales tax yields, debt limits, and capital improvement requirements, selected years from 1960 to 1975.

El Cajon has experienced a tremendous population growth — from 5,600 persons in 1950 to approximately 38,000 in 1960. This growth "brought with it complex developmental and financial problems for the city. Public demands for adequate day-to-day community services and for public facilities tend to run far ahead of the community's ability to supply them as they are needed." How familiar this sounds to city officials in most parts of the country! A resume of the conclusions to the report shows the following:

1. Land Use. The city's area will increase by approximately 50 per cent by 1975 even if the city only annexes those areas that are self-sustaining from a revenue-expenditure standpoint. The city has ample area for future residential growth but faces a problem of residential blight in older sections of the city and congestion, lack of parking, and general deterioration of parts of the central business district.

2. Population Trends. The city will at least double its population by 1975.

3. Economic Development. The city is developing its own economic base through local employment and thus is growing away from its characteristic as a "bedroom community." The city faces stiff competition for establishments in the central business district from new regional shopping centers.

4. Public Services and Revenues. The city is deficient on public services, especially police and fire protection, street construction, and sewerage facilities. The city must spend about $10.4 million by 1975 for capital improvements to provide "an adequate standard of public service." Although city revenues will increase substantially in this period, from $1.8 million per year to $4.0 million per year, this amount will not be sufficient to provide pay-as-you-go financing for public improvements. Therefore, the report says, the city should consider a combination of down payments plus borrowing. With respect to local sources of revenue the property tax "will probably be more responsive to growth than will the retail sales tax."

The report provides a broad outline for an action program to meet future expenditure and revenue needs which includes a master plan of land use and future land use requirements, a detailed capital improvement program, improvement of blighted residential areas, better traffic circulation and automobile parking, improvement of the central business district, and industrial development.

This summary does not indicate the extensive amount of groundwork that was necessary in developing the findings and conclusions for the El Cajon study. The amount of work that is involved can be illustrated by describing in further detail just one segment of the report — the analysis and forecast for assessment of residential property. The survey group analyzed building permits, population trends, trailer park development, current assessed values, family income, residential land use, and sales prices. From this extensive compilation they predicted that assessed valuation will rise from a 1960 level of $31 million to a 1975 level of $90 million (assuming a stable dollar). The increase is predicated, in part, on rising family income and higher expenditures for housing.

The survey groups for both La Mesa and El Cajon were careful to point out probable revenue and expenditure needs, and they did not recommend any specific sources for new or expanded municipal revenues. Both studies made the assumption that present revenue patterns would continue. In both cases, however, an extensive factual basis is provided for considering the advantages and disadvantages of alternative revenue sources.

West Hartford, Connecticut. The report issued in 1960, *Land Use and Municipal Finance*, shows that nine out of 11 taxpaying land uses contribute more in property taxes than they receive in town givernment services. The two land uses that operate at a "loss" are single-family homes and two, three, and four-family homes. When measured by property taxes, vacant land is the most "profitable" because it pays $3.88 in taxes for every $1 spent in services for such land. Retail and

industrial land uses show a "profit" on this basis only because of substantial amounts paid in personal property taxes.

The West Hartford Town Plan and Zoning Commission decided that this information was needed as a part of comprehensive planning and future development. It was felt that a factual basis for evaluating the property tax potential, by land use, and the cost of government services for such land was needed as a guide for fiscal planning.

The study began in June, 1959, with a classification of all land within the town into 14 major classes:[12] vacant land; single-family homes; two, three, and four-family homes; apartments; retail; office; auto sales and service; wholesale; utilities; other commercial; industrial; institutions; municipal property; and other public property. Next assessment information was key punched on data processing cards for each of the 25,000 parcels of land, and tabulations were run to show the relative contribution in property taxes of each land use.

Concurrently, direct town government expenditures from property taxes (excluding state aid, licenses, special assessments, and revenues from other sources) were allocated for each of the functions to provide a breakdown for each of the 14 land uses. This allocation was done by a variety of methods, including interviews of department heads, interpretation of departmental records, special surveys, detailed cost analyses, and other methods. Three examples will illustrate this further:

1. The board of education allocated its cost for public education almost entirely on the basis of residence of students. The board surveyed students to determine the type of homes in which they lived to provide the basis for an accurate allocation. A small portion of school expenditures was allocated to nonresidential uses that benefit directly from the business education and industrial arts programs in the high schools.

2. For the police department, nine accounts were grouped into four functional areas of service. The first group, school traffic, was charged completely to municipal property because the presence of the schools necessitates the expenditure. The second group, uniformed patrol and detective services, was allocated on the basis of man hours. The proportion of time devoted to each land use was estimated on the basis of the professional knowledge of the police chief and his men.

The third group, traffic control and related services, was allocated on the basis of a map of police cruising routes and traffic devices used. The records showed coverage for particular areas of town which, when correlated with land use, provided the basis for allocation. The fourth group, overhead cost, was allocated according to the weighted average allocations of the first three groups. Then all four groups were allocated on the basis of a weighted average.

3. Costs for street maintenance, one of the functions of the bureau of streets and sewers, were determined on the basis of the total length of town-maintained streets and abutting land uses. Different weights were assigned according to land uses since streets in some areas receive more maintenance than others. Streets in the central business district, for example, receive more frequent and complete snow removal service than streets in other areas.

Single-family homes are by far the most important land use in West Hartford — almost 70 per cent of assessed valuation of all real property. Because of the importance of this one type of land use, the functional allocations of property taxes received and municipal expenditures made was broken down by range of assessed valuation — that is, homes valued at $4,990 and less, homes valued at $5,000 to $9,999, homes valued at $10,000 to $14,999, and so on. The results are shown in Table 2.

The average cost of municipal services per dwelling unit was determined to be $517. Therefore, the "break-even dwelling" would be one that would produce this amount in revenue. In West Hartford this means a home with a market value of approximately $25,000. Table 2 shows that the average home operates with property tax revenue of 90 cents per $1 of service cost, thus operating at a "loss." The higher the valuation of the home, the better the property tax revenue in relation to service cost. The report is careful to point out that this profit-and-loss analysis is not to be taken as a literal guide for future development:

[12] Information on methods and procedures for the West Hartford study is taken from *Connecticut Government*, July, 1960, pp. 1 and 7, published by the Institute of Public Service, University of Connecticut.

The fact that certain land uses show tax "profits" and others "tax losses" should not be taken as an indication of desirable and undesirable land uses. Obviously the fact that residential land uses show an unfavorable tax position does not mean there should be no further residential development.

With information of this kind it is possible not only to consider property taxes but also to take a look at business licenses, occupational licenses, service charges, and other local revenue sources. The analysis provides the groundwork for further and more detailed studies of specific revenue sources.

Table 2

Analysis of Single-Family Homes, West Hartford, Connecticut

Assessed Value Range	Market Value Range[1]	Number of Homes	Gross Valuation, Real Property	Total Revenue[2]	Total Allocated Costs[3]	Average Revenue Per Home	Average Revenue Per Dollar Service Cost
0 - $5,000	0 - $9,100	206	$ 602,140	$ 23,100	$ 106,500	$ 112	$0.22
5 - 10,000	9,100 - 18,200	4,770	38,791,990	1,468,700	2,465,400	308	0.60
10 - 15,000	18,200 - 27,300	6,124	74,853,800	2,833,800	3,165,100	463	0.89
15 - 20,000	27,300 - 36,400	1,989	33,961,790	1,285,700	1,028,100	646	1.25
20 - 25,000	36,400 - 45,500	675	14,883,320	563,200	348,900	835	1,61
25 - 30,000	45,500 - 54,600	219	5,927,370	224,200	113,200	1,024	1.98
30 - 35,000	54,600 - 63,600	88	2,860,430	108,200	45,500	1,230	2.38
35 - 40,000	63,600 - 72,800	28	1,042,430	39,400	14,500	1,408	2.72
40 - 45,000	72,800 - 81,800	7	298,260	11,300	3,600	1,616	3.14
45 - 50,000	81,800 - 91,000	5	234,680	8,900	2,600	1,782	3.42
50,000 and up	91,000 and up	12	739,430	28,000	6,200	2,335	4.52
Total		14,123	$174,195,640	$6,594,500	$7,299,600	$ 467	$0.90

Source: *Land Use and Municipal Finance* (West Hartford, Connecticut: Town Plan and Zoning Commission, Town Hall, 1960), p. 21.

[1] Assuming assessed valuation is 55 per cent of market value.
[2] Estimated figure, assuming personal property and motor vehicles valuations are distributed in the same proportion as real property valuation.
[3] At the average cost of $517 per house.

Studies of Charges and Permits

As indicated in the introductory section to this report, a bewildering variety of fees, permits, and service charges are available to cities. Most are not taxes within the classifications used in this report, but many do qualify, in the eyes of the public, as "nuisance taxes."

Many fees and service charges are confusing and irritating to the public. Costs of enforcement and collection often are high. They are not, generally, efficient revenue producers. On the other hand, the total impact of all fees and service charges can be quite substantial. It is for this reason that some cities in recent years have given detailed attention to fees and service charges in an effort to make more of them self-sustaining in relation to enforcement and collection costs and to make others more productive of revenue.

Richmond, Virginia. *A Report to the City Council on Fees and Service Charges* is one of the most comprehensive studies of its kind that has ever been undertaken. The report was prepared by the department of finance and the office of the city manager and was issued in December, 1957. The report covers all licenses, permits, and other fees and charges with information on the type of

regulation, fee, or service; the present fee schedule or charge, if any; legal authorization; cost of service; work volume; income; and the amount needed to provide a self-sustaining revenue source.

The report contains a letter of transmittal from the city manager to the city council, a section on background and procedures, and a summary of findings. The section on general fees is divided into four parts: (1) regulatory fees for activities where the public interest predominates, (2) basically regulatory fees but where a substantial special benefit occurs to the licensee, (3) special benefit charges where private interests predominate, and (4) special charges for special services. To illustrate further, some of the permits, fees, and services in each of the four groups are as follows:

1. Regulatory — Public Interest Predominant: advertising sign permits, bicycle registrations, elevator inspections, building demolition permits, and taxicab licenses.

2. Basically Regulatory — Substantial Special Benefit: safety and elevator inspections, plumbers' licenses, building permits, weights and measures permits, restaurant licenses, and swimming pool inspections.

3. Special Benefit — Private Interest Predominant: zoning appeals, truck hauling permits, sewer connections, nonresident library fees, sale of city maps, birth and death certificate copies, adult crafts and other special recreation charges, and maintenance of prisoners at the city jail.

4. Proprietary — Comparable to Private Business: harbor facilities, municipal airport, city-owned swimming pool, city stadium, and cemetery service charges.

The degree of interest ranging from general public interest to special private interest is of course quite helpful in determining which fees and charges should be self-sustaining. The Richmond report pointed out, based on data for fiscal 1956-57, that $1,552,000 in addition income could be raised for the city if all fees and charges were made self-sustaining. Figure 1 illustrates the type of presentation made and is a sample page from the Richmond report. In this case it shows information in Group 1, "Regulatory — Public Interest Predominant."[13]

Berkeley, California. Rate schedules and coverage for nine types of licenses, fees, and charges were revised in Berkeley, California, in 1958 and 1959. It is expected that these changes will bring additional revenue of $443,350 during the first complete fiscal year they are in effect. The biggest revenue producer will be the sewer service charge which will bring in about $324,000 per year, the bulk of the increase from one and two-family dwellings, apartments, rooming houses, and hotels. The second largest increase will come from revision of the business license schedule, especially as it affects commercial and industrial establishments. The third highest revenue source is increased garbage collection and disposal fees.

Beginning in mid-1958 each revenue source was studied by the director of finance and his staff, and a report with recommendations was prepared for review by the city manager and the city council. In January, 1960, all of the nine revenue studies were compiled in one volume to show, for each revenue source, existing revenues, practices in other cities, alternate methods of increasing revenues, costs to different types of consumers, and recommendations. In addition to the revenues mentioned above, the studies included harbor rates; public works inspection fees, including building inspection; animal pound fees; public health fees; recreation and parks rental fees; and zoning fees.

For each of the nine revenue sources it was necessary to make a detailed study of the cost of administration and to compare the cost with revenues received and benefits provided. Appendix A illustrates this step-by-step analysis for zoning fees and charges.

Falls Church, Virginia. On June 23, 1958, the city council requested the city manager "to study such services, fees, and charges prescribed or to be prescribed therefore, and to report by 30 September 1958 to the council such recommendations with respect thereto as he deems advisable to enable the city to provide such services on a self-sustaining basis as far as possible."

[13] Business licenses are an important and highly productive part of the general revenue grouping of fees and charges. For a comprehensive discussion of business licenses, see MIS Report No. 193, *Revising and Administering a Business License Code,* issued in February, 1960.

REGULATORY
PUBLIC INTEREST PREDOMINANT

Permit or Service	Description Service Provided	Present Fee Schedule	Authority	Cost of Service 1956-57	Work Volume 1956-57	Income 1956-57	Self-Sustaining Fee Schedule	Annual Income From Self-Sustaining Fee Schedule: Additional	Total
Safety - Traffic Eng.									
Advertising Sign Permit	Type of signs checked, locations specified, permit issued, field check made.	None	Ord. 52-199-181 11/18/52	Av. of $4 per permit	8 permits issued	None	$4 per permit	$32	$32
Safety - Exec. Office									
Permit to procure business license to engage in certain occupations or operate certain businesses.*	Investigation of character of operator and/or safety of structures or devices involved; permit issued.	None	Amend. required of Ch. 10 Rich. City Code. Ord. 50-210-214 12/26/50	Av. of $12 per permit	52 permits issued	None	$12 per permit	624	624
Safety-Police									
Push cart tag	Tag issued, record made.	None	Amend. required of ordinance approved 5/16/38	Av. of 30¢ per tag	38 tags issued	None	50¢ per tag for 5 year period	19	19
Bicycle Registration	Ownership recorded; plate issued	50¢ per registration for 5 years	Ord. 56-186-166 9/10/56	Av. of 32¢ per tag	4,272 licenses issued	$2136	No change	None	2136
Shoe Shine permits	Tag issued; number and location of shoe shine boys regulated	50¢ per tag, annually	Ord. adopted 5/21/47	Av. of 30¢ per tag	57 tags issued	29	No change	None	29
Safety - Exec. Office									
Annual certificate for taxicab and for hire vehicle	Furnish certificate of operation. Continual review of adequacy of service	None	Amend. required of Ch. 43 and 43-1 Rich. City Code	Av. of $6 per certificate	299-City 14-Suburban	None	$6 per certificate	1878	1878

*Permit for permission to procure a license for the following: dance hall, night club, tent meeting, employment service, amusements, athletic fields and parks, junk dealer, to sell pistols and ammunition, mobile carousel, billiard parlor, private detective, detective agency, shows, carnivals, circuses, second hand dealers, religious services, medicine vendors, gold, silver and jewelry dealers, book solicitors, motion picture theatres and others required by the City License Code, Article IV of Chapter 10 of Richmond City Code of 1937.

Source: *A Report To the City Council on Fees and Service Charges*, (Richmond, Virginia: Office of the City Manager, 1957), p. 6

Figure 1 — Cost Analysis for Regulatory Licenses

The city manager prepared a report for council dated September 22, 1958, that covered the following revenue sources: water and sewer connection charges; funeral escorts; taxicab licenses; fingerprinting and other police department services; refuse collection; review of subdivision plats, rezoning requests, use permits, and other planning department services; building, electrical, and plumbing inspections; street cuts; recreation charges; and library fees. For each source the cost of service was measured together with work volume and compared with actual income and the income needed to provide a self-sustaining fee schedule.

Some of the recommendations have been adopted and others are under consideration by the city council. Charges and fees have been adopted or increased for police fingerprinting and photographing; taxicab licenses; review of preliminary and final subdivision plats, zoning variances and exceptions, use permits, and other planning department services; recreation fees for summer and winter registration and for use of the recreation building; and the nonresident fee for users of the public library.

Special-Purpose Studies

Studies of one revenue source are common. Many cities have made studies of sewer service charges to gather information from nearby municipalities, to compile costs of provicing sewerage services, and to estimate charges needed to make the service partially or fully self-sustaining.

Also common are property tax studies which may or may not involve revaluation of real property. A few cities have made special studies of property tax exemptions to measure the effect on the total revenue structure. Still other cities have made studies of business license taxes. Three such cities — Glendale, California; Park Ridge, Illinois; and Saginaw, Michigan — are mentioned in MIS Report No. 193, *Revising and Administrating a Business License Code*. The over-all Kansas City, Missouri, study, mentioned earlier, devoted one volume to a comprehensive review of the municipal income tax.

The over-all survey for Atlanta, Georgia, referred to earlier, produced a companion report entitled *The Property Tax in Atlanta and Other Large Cities*. This 87-page volume gave detailed consideration to the property tax base, administration and enforcement, comparative tax rates in Atlanta and other jurisdictions, property tax collections, and the homestead exemption. The conclusions pointed to the familiar difficulties of low assessment ratios, large exemptions, and the influence of overlapping tax jurisdictions.

A Look Ahead

Because of limited and restricted tax sources, cities have a difficult time financing local services in times of depression and inflation alike. In both good and bad times the number of municipal services seems to increase. In addition, currently, increases in salaries for city employees probably present the greatest single financial problem, at least for the operating budget.

No city can do justice to its future development without considering revenues deductively. That is, they should start with a broad approach including an analysis of the entire economic structure of the area. The city should know its economic resources — public and private, local and areawide. It is here that planning and economic analysis become highly important because they provide a long-term basis for establishing a revenue program. Also they provide an objective and factual basis for further study of specific revenue sources. For some cities this means careful and detailed consideration of the fiscal implications of annexations and services to unincorporated fringe areas. For other cities it means weighing the advantages and disadvantages of industrial development. For all cities it means compiling adequate information on what the city has, what it wants, and what it can reasonably expect to obtain. When this kind of analysis has been undertaken it is then possible to proceed to structuring a sound revenue system.

The feasibility of any revenue source should be considered on the basis of these criteria:

1. Is the revenue source legally feasible?
2. Would it bring in a reasonable return in relation to costs of administration and enforcement?
3. Is the tax or other revenue reasonably simple and certain?

4. Will the tax or other revenue source have public acceptance? Is it reasonably easy for the taxpayer to determine the amount of this liability? Is provision made for hearing complaints without need of legal counsel?

5. Is the proposed tax or other revenue source equitable? Is it based on benefit, ability to pay, or both? What is the probable incidence of the tax or other revenue source?

Almost all taxation is based on two primary sources — property and income. These sources ought to be approached as directly as possible by municipalities in the exploration of adoption or expansion of revenue sources.

The property tax in particular needs no apologies. Of course it is too often poorly administered. Of course there are numerous inequities in assessment. But these are not good arguments against the property tax itself. Improved administration and enforcement is needed, and many cities are taking notable steps in that direction. In many cities, moreover, the total property tax bill is not large when compared with other costs. In many cities the typical home owner pays more for utility services — electricity, gas, water, and telephone — than he does for property taxes which help provide a full complement of governmental services, including education.

This is not a plea for sole or even primary reliance on the property tax in all cities. It is the contention here, however, that the property tax should be given just as much attention as other revenue sources in evaluating a city's present and potential financial position. For most cities it is a mistake to start out with the premise that the property tax cannot be changed in any way and that the only alternative is to look solely at other revenue sources.

The other major local revenue sources are nonproperty taxes and fees and service charges. Many cities have not taken the actions available to them under state laws and local charters to exploit these sources. Their value lies not only in bringing in additional money but also in diversifying the revenue system. Too much reliance on limited revenue sources is dangerous for any government over a long period of time.

Increased use of fees and service charges in the aggregate can constitute a substantial proportion of total municipal revenue. More cities should emulate the work being done in a few localities in placing services of primarily private benefit on a self-sustaining basis. It is easy for a city planning department, for example, to spend $50 or more in staff time in reviewing a subdivision plat. There is no reason why the city government should pay all or even a substantial portion of the amount needed to provide this service. The immediate benefit is to the subdivider, not to the general public, and the subdivider should pay. Many other examples are available in the form of police escort service, recreation services of a semicommercial nature, and a host of inspectional services and regulatory activities.

Intergovernmental Competition and Cooperation

Intergovernmental competition for available revenues has been heightened sharply in the last decade because of the tremendous growth of expenditures for schools and, in some areas, for county government services. Many city governments get one-third or less of the property tax dollar with the largest share going to the local school district. Cities in metropolitan areas also may compete against each other for revenues. Some industrial suburbs in metropolitan areas have become tax havens for industry with a large tax base, a low tax rate, and a very low tax contribution. In these areas industries have a strong inducement to move from the central city to the industrial suburb. Unincorporated area under township or county jurisdiction also can provide tax inducements of this kind. The problem is complicated by the efforts of many state governments to provide a favorable "tax climate." Each state is trying to keep ahead of other states in attracting new industry or in encouraging the expansion of existing industry to keep it in the state.

For these reasons the income redistributive taxes[14] take on importance as a way to tax some

[14] A term used by George W. Mitchell, vice president, Federal Reserve Bank of Chicago, in "The Financial and Fiscal Implications of Urban Growth," a "League Syndicate" article distributed by the American Municipal Association in January, 1960, for use in magazines published by state municipal leagues.

groups for the benefit of others. Such taxes, by definition, almost always are state or federal taxes and, in practice, are usually levied to provide health, welfare, and educational services. With state and federal "redistributive" taxes some of the burden is taken off local property taxes and other local revenue sources.

Customarily redistributive taxes come back to localities in the form of grants-in-aid or state-collected, locally-shared taxes. Many authorities believe that the future of local government finance points to increasing reliance on various forms of federal and state aid.[15]

Cities have taken some steps in recent years to develop cooperative relationships with other governments in the provision of governmental services. It is likely that this trend will continue and expand to include consideration of intergovernmental revenue problems. One of the best avenues for a cooperative approach is for cities to work through their state leagues of municipalities and through the American Municipal Association for legislation making cooperation easier than it is today.

It will be particularly helpful if taxing arrangements can be expanded where the state government acts as a fiscal agent in the collection of nonproperty taxes. In Illinois, for example, the state administers and collects the entire retail sales tax and returns one-half of 1 per cent to cities, less a small amount for state collection costs. California has a similar arrangement for its retail sales tax. This is an encouraging development because it provides the benefits of central administration, collection, and enforcement with maximum return to cities. When coupled with shared taxes and state and federal grants, municipal revenues can be substantially improved.

Those and other intergovernmental financial problems will be studied by the recently established federal Advisory Commission on Intergovernmental Relations. The Commission's initial work program beginning in 1960 includes these studies on financial subjects: (1) structure and potential of the real property tax; (2) cooperative tax administration; and (3) standard provisions for federal grant-in-aid statutes, including periodic Congressional review. A fourth study, to be undertaken if outside financial support can be obtained, will cover the development of improved measures of *fiscal capacity and tax effort* of state and local governments.

The City of the Future

Income and educational levels are rising for people in all parts of the United States. As a result people have more interest in consumption and more money to buy things with. In a postwar period this has been expressed in expenditures for automobiles, television sets, housing, recreation, travel, and other expenditures in what the economists call the "private sector" of the economy. With the notable exception of public education, cities and other local governments have not been able to compete in this expenditure and consumption pattern.

In the long run, however, this pattern in all likelihood will be modified. The time will come when many people will feel that a home, furnishings, appliances, and an automobile are not enough when surrounded by a dingy urban environment. Perhaps then they will feel that a playground is worth more than a second (or third) television set.

As educational levels rise, it is quite likely that public expectations will rise for educational and cultural facilities — not only schools but also parks, playgrounds, libraries, museums, and adult education. Other public expectations will continue and increase for streets, utilities, police protection, and other municipal services. With this tendency to add new services and expand existing services, it is up to the chief administrator to study and analyze the community's economic structure and the alternatives in revenue sources. Then the city council has the findings and recommendations it needs for deciding on the revenue sources to be used. When viewed in this positive sense, municipal revenues provide an important way of building better cities in every sense of the word.

Note: This report was prepared by David S. Arnold, publications director, the International City Managers' Association.

[15] See the series of articles on "Trends Affecting Cities," *Public Management*, January, 1960, pp. 2-9.

Appendix A

Zoning Fees and Charges, Berkeley, California

This study and report was submitted to the City Council by City Manager Report No. 530 dated February 6, 1959. This report analyzed the costs to the City for the issuance of various types of planning permits. These include use permits with and without hearings, variances, reclassifications, home occupations, etc. The report clearly indicates that the present charges did not in any way meet the costs of the services rendered. The report also contained an analysis of similar charges in effect in other cities in this area. The recommendations proposed increase fees which, while they would not pay the costs of the services rendered, would provide increased revenue and be in line with the fees of other cities for similar services. The total estimated increase in revenue from the recommended zoning fees and charges was $1,300.00 per year. The City Council adopted Ordinance 3695-N.S. approving these recommendations on June 30, 1959.

To: John D. Phillips, City Manager February 5, 1959

Subject: ZONING FEES AND CHARGES

The following review of fees and charges is another in a series of reports which seek to establish fees and charges levied by the City for specific services on a level commensurate with the cost of performing those services and to distribute more equitably the cost of government.

This study indicates that fees and charges levied by the Zoning Office for specific services rendered fail even to approximate the cost to the City for the rendering of these services.

Six different categories of applications processed by the Zoning Office are the basis of this report. The breakdown is broad and of necessity includes applications which have some variation in administrative processing. It is felt that these variances average out and that the broad overview is reliable. The costs used do not possess absolute validity, but are reasonable estimates for the cost-revenue computations included in the report.

The categories selected were:

1. Home Occupations
2. In-law Apartments
3. Use permit hearings
4. Other use permits
5. Variances
6. Reclassifications

The number of applications handled under each category was obtained from the minutes of the Board of Adjustments' meetings for the fiscal year 1957-58. Estimates of time spent on the various phases of each application by the Zoning Officer and the Director of Planning tabulated as follows:

USE PERMIT WITH HEARING

Action	Time Spent In Hours: Zoning Officer	Director
1. Taking Application	.5	
2. Prepare Map Tracing	1.0	
3. Listing Property Owners	1.0	
4. Posting Notices	.25	
5. Field Investigation	.25	.25
6. Written Report For Agenda	.50	.1667
7. Presentation to Board	.3333	
8. Prepare Resolution & Mail	.1667	.0833
Total	4.0	.50

OTHER USE PERMIT

Action		Time Spent In Hours Zoning Officer	Director
1. Taking Application		.5	
2. Tracing of Area		.5	
3. Field Investigation		.167	.167
4. Report For Agenda		.167	.083
5. Presentation to Board		.167	
6. Prepare Resolution and Mail		.083	.083
7. Posting and Filing		.167	
	Total	1.75	.333

VARIANCES

Action		Zoning Officer	Director
1. Taking Application		.5	
2. Prepare Map Tracing		1.0	
3. Listing Property Owners		1.0	
4. Posting Notices		.25	
5. Field Investigation		.50	.25
6. Written Report For Agenda		.50	.1667
7. Presentation To Board		.333	
8. Prepare Resolution & Mail		.1667	.0833
9. Memo To City Manager & City Clerk		.5	
	Total	4.5	.50

RECLASSIFICATIONS

Action		Zoning Officer	Director
1. Taking Application		.75	.20
2. Land Use Map		1.50	
3. List Property Owners		1.50	
4. Posting Notices		.25	
5. Field Investigation		.50	.50
6. Report For Agenda		1.00	.25
7. Presentation To Commission		.50	.50
8. Report to Council		.50	.150
9. Posting and Filing		.20	
	Total	6.70	1.60

HOME OCCUPATIONS

Action		Zoning Officer	Director
1. Taking Application		.167	
2. Report for Agenda		.167	
3. Presentation to Board		.083	
4. Prepare & Mail Resolution		.083	
5. Post and File		.167	
	Total	.667	.00

IN-LAW APARTMENTS

Action		Zoning Officer	Director
1. Taking Application		.50	
2. Field Investigation		.25	.25
3. Written Report for Agenda		.25	.083
4. Presentation to Board		.167	
5. Prepare & Mail Resolution		.083	.083
6. Post and File		.20	
	Total	1.45	.41

Personnel costs for the Zoning Inspector and the Intermediate Stenographer were considered as overhead cost items and were pro-rated on the basis that the Intermediate Stenographer spends 50% of her time and the Zoning Inspector 10% of his time in processing applications in these six categories. Computing these percentages of annual salary, the resultant personnel overhead totals $2,995. Each category was weighted according to the estimated time expended on each. Using the category of Home Occupations as the base, tabulation is as follows:

Item	Weight	No. Applications	Total	% of Total	Unit Cost
Home Occupations	1	37	37	4.9	$ 3.96
In-Law Apartments	3	10	30	4.0	11.98
Other Use Permits	3	102	306	40.6	11.92
Use Permit Hearings	6	14	84	11.0	23.82
Variances	6	43	258	34.2	23.54
Reclassification	10	44	40	5.3	39.69

These data are synthesized in Table I indicating the total unit cost and the total unit deficit in each category. Recommended fees are included.

TABLE I

TABULATION OF COSTS OF APPLICATIONS PROCESSED BY THE ZONING OFFICE AND RECOMMENDED ADJUSTMENTS IN THE EXISTING FEE SCHEDULE

	Home Occupations	In-Law Apartments	Use Permit Hearings	Other Use Permits	Variances	Reclassifications
No. Applications Fiscal Yr. 1957-58	37	10	43	102	41	4
Time per Application in hours:						
Zoning Officer	.67	1.45	4.00	1.75	4.5	6.7
Planning Director	.0	.4	.5	.33	.5	1.6
*Direct Personnel Costs in Dollars	$2.35	$ 7.41	$17.14	$ 8.07	$18.69	$32.76
Office Overhead Materials	$ .80	$ 1.60	$ 4.80	$ 1.60	$ 4.80	$ 6.40
Office Overhead Personnel	$3.96	$11.98	$23.54	$11.92	$23.82	$39.69
Total City Costs Per Application (Dollars)	$7.11	$20.99	$45.48	$21.59	$47.31	$78.85
Present Fees	$5.00	$ 5.00	$10.00	$ 5.00	$10.00	$25.00
Present City Deficit	($2.11)	($15.99)	($35.48)	($16.59)	($37.31)	($53.85)
RECOMMENDED FEES	$5.00	$10.00	$20.00	$10.00	$25.00	$50.00

*Total hourly City cost for the Director of Planning and Zoning Officer are $5.79 and $3.51 respectively. (includes auto allowance, salary and pension)

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